



**STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE**
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Phil Bredesen

Governor

Paula A. Flowers

Commissioner

CONSUMER ALERT
December 31, 2003

TO: All Tennessee Customers of Statewide Insurance Company
FROM: Tennessee Department of Commerce and Insurance

Statewide Insurance Company, an Illinois-domiciled commercial liability insurance company, has been notified that it may cancel its Tennessee policyholders' coverage effective February 22, 2004.

The Tennessee Department of Commerce and Insurance advises all Statewide Insurance Company policyholders to seek new insurance coverage immediately by contacting their insurance agents.

The state of Illinois in November determined that Statewide Insurance Company is in a hazardous financial condition and issued a Notice of Impairment against the company. On December 5, 2003, the directors of the company consented to its liquidation. Statewide Insurance's re-insurance coverage ends February 22, 2004.

Statewide provides liability insurance to more than 250 construction contractors in Tennessee, and has notified many of them that their coverage is cancelled. On December 31, 2003, the Tennessee Department of Commerce and Insurance approved a cancellation date of February 22, 2004, determining that a failure to cancel policies would jeopardize the company's solvency.

Tennessee Insurance Commissioner Paula A. Flowers also notified the company that it is lawfully obligated to pay claims on such policies until they are properly cancelled according to state law, and that any cancellation notices issued to Tennessee insured's prior to the Department's December 31, 2003, notification are invalid and must be re-issued with a cancellation date of February 22, 2004.